



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

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Before the
U.S. House of Representatives Committee on Small Business
Accountability Update
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Chairwoman Velazquez, Ranking Member Graves and distinguished members of the Committee. As always, it's an honor to testify before this committee.

I want to thank the Committee for its efforts over the past several months. I am committed to investing in risk management and oversight. With your help, we are working to ensure that SBA programs provide maximum value to small business owners, while at the same time ensuring that taxpayer dollars are being spent wisely and transparently.

Considering the current economic realities, including the need for small business borrowers keep themselves in a viable position, our mission is particularly important. Given the exposure these guarantees represent to the taxpayer, a critical mission of my team is ensuring we have a strong credit risk management system, which includes strong lender oversight and portfolio monitoring.

The Recovery Act is another risk management focus for the agency. The temporary increased guarantee and lowered fees in our two flagship programs helped us achieve a turnaround in SBA lending.

The Agency has supported more than \$14 billion in lending approvals to small businesses, with recent months at levels not seen since 2007.

Weekly loan dollar volumes have risen over 75% compared to the depths of the recession. Also, we now have more access points to capital, with more than 1,200 lenders now offering SBA loans who had not made a loan since October 2008.

I want to thank the Committee for the work you did on behalf of small businesses in the Recovery Act. Our feedback from entrepreneurs, small business owners and the lending community has been near-unanimous. They think that these enhancements have been critical to providing a lifeline for the small business community which is still having trouble finding credit and which is still trying to lead us out of recession.

We will continue to monitor these and other SBA programs within the risk management framework we established for overseeing the rollout of the Recovery Act programs. Moreover, the senior members of the SBA leadership team are continuing to address outstanding and emerging areas of risk in a highly systematic way – especially focusing on recommendations brought to the agency by the Government Accountability Office (GAO) and the Office of the Inspector General.

To help us in these efforts, we are pleased to have a new Inspector General on board – Peggy Gustafson. Her work will help to ensure that the SBA is transparent and efficient in meeting the needs of America's small businesses.

Since the last hearing SBA regional training for our Women's Business Centers has been initiated in an effort to improve financial and program compliance. We expect to do financial reviews for more than half of the centers in this fiscal year. The first ten reviews are now completed. The results have shown these centers, after the training, are fully compliant.

Per the Chair's interest at our last hearing, I would like to give an update on the steps we have taken with disaster preparedness and assistance.

This week, the SBA sent three reports to Congress regarding the Disaster Loan program.

The updated Disaster Recovery Plan is intended to enhance the management structures by implementing a "surge" to meet the needs of disaster victims in the wake of catastrophic disaster.

The 2009 Annual Report on Disaster Assistance meets requirements outlined in the 2008 Farm Bill. It describes changes and improvements in areas such as the Disaster Credit Management System (DCMS) and the Disaster Information Gateway (DIG).

It also includes our plans to improve small business' access to disaster-related contracts and to roll out the commercial disaster lending pilot program.

This fall the SBA released and heavily promoted a preparedness guide to assist small businesses in planning for the H1N1 flu. The preparedness guide offers small business employers tools and information to help the plan for and respond flexibly to varying levels of severity of an H1N1 outbreak.

My vision is that the SBA will continue to operate in a way that allows each of our programs to meet the expectations of Congress, small businesses, and the American taxpayer.

I look forward to working with the distinguished members of this Committee to make that happen.

I welcome any questions, concerns and comments about any of our programs or efforts.